

SIX MONTH PERIODIC REPORT ON THE
NATIONAL EMERGENCY WITH RESPECT TO IRAQ

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH REPORT ON THE NATIONAL EMERGENCY WITH RE-
SPECT TO IRAQ THAT WAS DECLARED IN EXECUTIVE ORDER
12722 OF AUGUST 2, 1990, PURSUANT TO 50 U.S.C. 1622(d)



JULY 31, 2001.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

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To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), I transmit herewith a 6-month report on the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990.

GEORGE W. BUSH.

THE WHITE HOUSE, *July 31, 2001*.

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH
RESPECT TO IRAQ

I hereby report to the Congress on the developments over the course of the past six months concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990, and matters relating to Executive Order 12724 of August 9, 1990, and Executive Order 12817 of October 23, 1992. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA").

1. There have been no amendments to the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "Regulations"), during the current reporting period.

2. Since December 10, 1996, the Office of Foreign Assets Control (OFAC) has issued specific licenses authorizing participation by U.S. persons in commercial sales of humanitarian goods to Iraq funded by Iraqi oil sales, and imports of Iraqi petroleum products, pursuant to United Nations Security Council Resolution ("UNSCR") 986 and succeeding resolutions. The total value of humanitarian sales since 1996 is approximately \$647 million. Of this amount, OFAC licenses have authorized sales of about \$462 million in basic foodstuffs, nearly \$50 million for medicines and medical supplies, more than \$120 million for water testing and treating equipment, irrigation systems, and other infrastructure components essential to the delivery to the Iraqi people of food, medicine and other necessities of life, and approximately \$15 million to fund a variety of United Nations activities in Iraq. During the current reporting period, as of June 15, 2001, OFAC-authorized humanitarian sales were valued at nearly \$60 million.

In addition, sales of oil infrastructure merchandise authorized since November 10, 1998, in conformity with UNSCRs 1153 and 1175, were valued at approximately \$114 million. OFAC issued 124 licenses during the reporting period for the sale of oilfield parts and equipment to the Government of Iraq.

Finally, an additional 16 licenses were issued authorizing certain diplomatic and travel transactions, the provision of legal services (including the protection of intellectual property), and the unblocking of wire transfer transactions where it was determined that there was no interest of the Government of Iraq.

3. As of June 13, 2001, 30 transactions totaling approximately \$3 million were blocked during the reporting period. One hundred and thirty-five transactions, not involving blockable interests, were rejected by U.S. banks causing a disruption of more than \$12 million in business for Iraq.

4. Since the last report, OFAC has collected two civil monetary penalties totaling more than \$9,500 for violations of the sanctions.

One U.S. financial institution and one individual paid the penalties for violations involving a payment relating to Iraq and an attempted export of goods to Iraq. An additional twenty-three cases were undergoing agency penalty or debt collection action for violation of the Regulations.

5. On February 15, 2001, in the Southern District of California, three foreign businessmen pleaded guilty to charges resulting from their entry into the United States to complete the unauthorized purchase of 160,000 metric tons of oil from Iraq. Two defendants pleaded guilty to conspiracy to deal and engage in activity promoting dealing in oil of Iraqi origin in violation of IEEPA and the Regulations. The third defendant pleaded guilty to illegally importing money into the United States. All three have been sentenced and deported from the United States.

6. The expenses incurred by the Federal Government in the six-month period from February 2 through August 1, 2001, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq, are reported to be about \$1,100,000, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), and the Department of State (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of International Organization Affairs, the Bureau of Political-Military Affairs, the Bureau of Intelligence and Research, the U.S. Mission to the United Nations, and the Office of the Legal Adviser).

7. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with relevant United Nations Security Council resolutions. Iraqi compliance with these resolutions is necessary before the United States will consider lifting economic sanctions.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The Security Council resolutions affirm that the Security Council review Iraq's policies and practices in judging Iraq's compliance with those resolutions. Because of Iraq's failure to comply with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.